



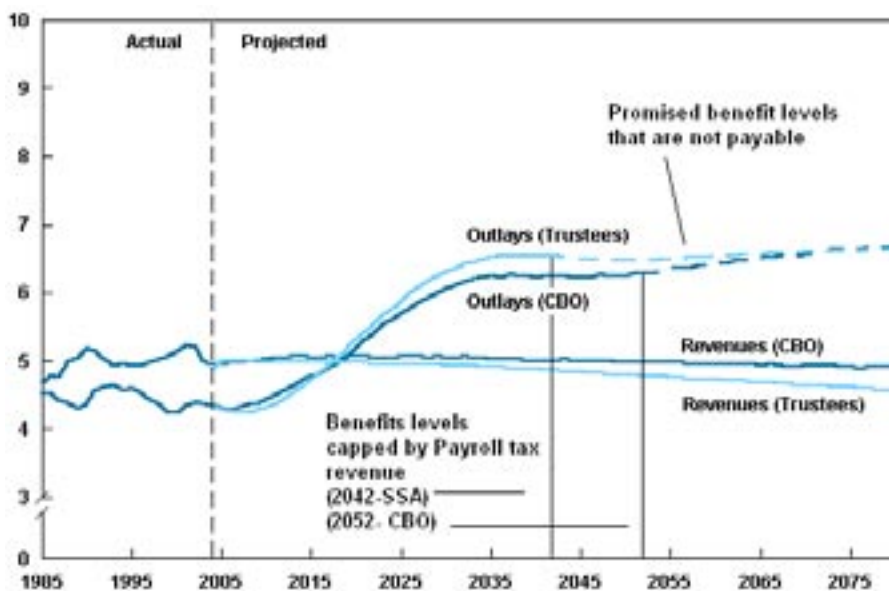
Jon Kyl, Chairman

Lawrence Willcox, Staff Director  
 347 Russell Senate Office Building  
 Washington, DC 20510  
 202-224-2946  
<http://rpc.senate.gov>

## Differences in the Estimates Made by the Congressional Budget Office and Social Security Administration

In the Social Security reform debate, much attention has focused on the differences in the projections made by the Social Security Administration (SSA) and those made by the Congressional Budget Office (CBO). But, as can be seen in the diagram below, the differences are hardly consequential. Whereas SSA estimates that Social Security will begin running persistent and growing cash deficits beginning in 2018, CBO estimates that the same permanent and growing deficits will begin only two years later (2020).

Similarly, whereas SSA estimates that the Social Security “Trust Fund” – a separate government account that contains no real resources, but tracks the amount of general revenues that Social Security can claim – will be bankrupt in 2042, CBO estimates that this will occur only ten years later (in 2052).



But since the “Trust Fund” represents nothing more than Social Security’s claim on general revenues, the date of its bankruptcy is irrelevant from the standpoint of the consolidated federal budget. For example, SSA estimates that between 2018 and 2042, Congress will have to increase taxes or borrowing by \$5.8 trillion (in constant 2004 dollars) to pay full Social Security benefits. Over that same period, CBO estimates that Congress will have to come up with \$5.1 trillion (in constant dollars) through some combination of increased taxes or borrowing to fund full Social Security benefits, a difference of just \$700 billion over 25 years!

Worse, both SSA and CBO estimate that after trillions of general revenues are injected to prop up the ailing Social Security system, the Trust Fund will still become bankrupt and benefits will still be cut across-the-board. SSA projects an immediate benefit cut of 25 percent that grows to a benefit cut of over 30 percent by 2080; CBO estimates an immediate 22.4 percent benefit cut that grows to a cut of over 27 percent by 2080.

Whether one chooses to use SSA’s estimates, or CBO’s more optimistic numbers, one simple fact remains: the current Social Security system is unsustainable and headed for bankruptcy.